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Modi Rubber Limited

36TH ANNUAL REPORT 2007-2008

THE COMPANY

BOARD OF DIRECTORS

Surinder Singh Kohli

Chairman
(Nominee of UTI)

Vinay Kumar Modi

Vice Chariman & Managing Director

Alok Modi
Arvind Nath Seth
Sushil Chand Tripathi

Special Director – (Nominee of BIFR)

Pawan Chopra

Special Director – (Nominee of BIFR)

Shyam Bahadur Kunwar

(Nominee of LIC)

Sanjiwan Sahni

Head – Legal & Company Secretary
Sanjeev Kumar Bajpai

REGISTERED OFFICE

Modinagar – 201 204
District Ghaziabad
(Uttar Pradesh)

HEAD OFFICE

4/7C DDA Shopping Centre
New Friends Colony
New Delhi – 110 025

WORKS

Modinagar – 201 204
District Ghaziabad
(Uttar Pradesh)

BANKERS

State Bank of India
Punjab National Bank
HDFC Bank Ltd.
Punjab & Sind Bank

STATUTORY AUDITORS

Messrs P.D.M. & Co.,
(Formerly Prabhat Jain & Co.)
Chartered Accountants
B-61, Flatted Factory Complex
Jhandewalan, New Delhi 110 055

REGISTRAR & SHARE TRANSFER AGENT

Messrs. MAS Services Ltd.
AB-4, Safadarjung Enclave
New Delhi 110 029
Tel (011) 26104142

36TH ANNUAL GENERAL MEETING

Date	: 30th September, 2008
Day	: Tuesday
Time	: 10.00 A.M.
Place	: Auditorium, Dayawati Modi Public School, Modinagar
Book Closure Dates	: 23rd September, 2008 to 30th September, 2008 (both days inclusive)

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Due to prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members/Shareholders are requested to bring copies of their Annual Report to the meeting.

NOTICE

NOTICE is hereby given that the **36th Annual General Meeting** of Modi Rubber Limited shall be held on Tuesday, 30.09.2008 at 10.00 AM at Auditorium, Dayawati Modi Public School, Modinagar to transact the following business:

ORDINARY BUSINESS

1. To consider, receive and adopt the Audited Profit & Loss Account for the accounting year ended 31.03.2008 and the Balance Sheet as at 31.03.2008 and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors and fix their remuneration to M/s PDM & Co. (formerly Prabhat Jain & Co.) Chartered Accountants, New Delhi, the existing Auditors for the Company, are eligible for re-appointment.

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution :-

"RESOLVED THAT, pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri Arvind Nath Seth, who was appointed as an Additional Director by the Board of Directors of the Company and in respect of whom notice under Section 257 of the Act has been received, be and is hereby appointed as Director of the Company liable to retire by rotation."

4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution :-

"RESOLVED THAT, pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri Alok Modi, who was appointed as an Additional Director by the Board of Directors of the Company and in respect of whom notice under Section 257 of the Act has been received, be and is hereby appointed as Director of the Company liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution :-

"RESOLVED THAT, pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri Sanjiwan Sahni, who was appointed as an Additional Director by the Board of Directors of the Company and in respect of whom notice under Section 257 of the Act has been received, be and is hereby appointed as Director of the Company liable to retire by rotation."

By order of the Board,
for **MODI RUBBER LIMITED**

Place : New Delhi

S K Bajpai

Date : August 29, 2008

Head - Legal & Company Secretary

NOTES:

1. Explanatory Statement in respect of Item No. 3, 4 and 5 of the Notice as required under Section 173 of the Companies Act, 1956, is annexed herewith.
2. The Register of Members and Share Transfer Books of the Company relevant thereto shall remain closed from 23.09.2008 to 30.09.2008 (both days inclusive).
3. A member, entitled to attend and vote at the Meeting, is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy(ies) need not be the Member(s) of the Company. The proxy form(s) duly completed and signed should reach the Company's Registered Office at Modinagar at least 48 hours before the time fixed for the meeting.
4. Members desirous of obtaining any information concerning the Accounts of the Company are requested to send their requests at the Head Office of the Company at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NOS. 3, 4, & 5

Shri Arvind Nath Seth, Shri Alok Modi and Shri Sanjiwan Sahni were appointed as Additional Directors of the Company w.e.f. 14.06.2008 to hold office upto the ensuing Annual General Meeting. Company has received notice from a member of the Company under Section 257 of the Companies Act proposing their candidature for appointment as Directors who are liable to retire by rotation. Hence, resolutions as mentioned at Item Nos.3, 4 and 5 of the Notice are proposed. Your Board recommends passing of the said resolutions.

None of the Directors of the Company, except Shri Arvind Nath Seth and Shri Vinay Kumar Modi (as his relative) may be considered to be interested or concerned in passing of the proposed resolution No.3.

None of the Directors of the Company, except Shri Alok Modi and Shri Vinay Kumar Modi (as his relative) may be considered to be interested or concerned in passing of the proposed resolution No.4.

None of the Directors of the Company, except Shri Sanjiwan Sahni may be considered to be interested or concerned in passing of the proposed resolution No.5.



Information required under Clause 49 of the Listing Agreement in respect of directors proposed to be appointed by Resolution Nos. 3, 4 & 5 is given below:-

Particulars	Shri Arvind Nath Seth	Shri Alok Modi	Shri Sanjiwan Sahni
Age (in years)	61	42	63
Qualification	B.A.	B.E.	MBA (IIM- Ahmedabad)
Expertise in specific functional areas	Business	Industry and Management	Finance and Management
Date of appointment on the Board of the Company	14.06.2008	14.06.2008	14.06.2008
Names of other Companies in which Directorships held	Tirupati Multiplex Pvt. Ltd. Apex Propmart Pvt. Ltd. Apex Realcon Pvt. Ltd. Renaissance Realcon Pvt. Ltd. Meerut Proptech Pvt. Ltd.	Gujarat Guardian Ltd. MAN Diesel India Ltd.	Kusum Sahni Pvt. Ltd. Sunflower Securities Pvt. Ltd. Arpee Gems Pte Ltd. Vijay Diamond Pte Ltd.
Names of the Companies in which Committee Membership / Chairman-ships held	Nil	Nil	Nil
No. of shares held	Nil	928	Nil

INSPECTION OF DOCUMENTS

All material documents referred to in the Notice and the Explanatory Statement will be kept open for inspection by the members, at the Registered Office of the Company, from 11 AM to 1 PM, on all working days from 23.09.2008 upto the date of the AGM.

By order of the Board,
for **MODI RUBBER LIMITED**

Place : New Delhi
Date : August 29, 2008

S K Bajpai
Head – Legal & Company Secretary

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DIRECTORS' REPORT

Your Directors present the 36th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2008.

REHABILITATION SCHEME SANCTIONED BY HON'BLE BIFR

The State Bank of India (Operating Agency), in accordance with direction issued by BIFR on 17.07.2007, with the help of Ghaziabad and Meerut district administration, took peaceful possession of your company's factories located at Modipuram, Partapur and Modinagar and same was handed over to Company's management on 27th August 2007. Immediately after possession, Company sought expert advice, including of foreign personnel, to assess condition of the plant, which was not operated for around six years, though kept ready for use and also to suggest the kind of repair and upgradation that the machines required, with specific timeline. Repair and upgradation work relating to Company's plants at Modipuram and Partapur were, thereafter, taken in hand and is now nearly complete. As reported in last year report, your company had submitted a Draft Rehabilitation Scheme (Scheme) to the Hon'ble BIFR. Your directors are pleased to inform that BIFR, after giving opportunity to all the concerned parties / creditors, on 21.04.2008, sanctioned the Scheme. This results in giving relief and concessions of Rs.147.27 Crores for revival & rehabilitation of your company.

To give effect to the Scheme, Company has initiated steps to liquidate some of the non tyre business assets (as included in the BIFR sanctioned Scheme) through Assets Sale Committee constituted in terms of BIFR guidelines to pay off liabilities. Barring a few, who are being persuaded to fall in line with the Scheme, most of creditors have accepted the Scheme. The Company has also paid Settlement amount determined in the Scheme by Hon'ble BIFR to most of the workmen, excepting a few, who are being persuaded to fall in line with BIFR Order.

Your company has since paid Rs. 30.91 Crores to the creditors till now.

FINANCIAL RESULTS

During the year under review, the Company received an income of Rs.39.25 Crores from dividend and other sources. After taking into account write back of liabilities etc. as aforesaid as per BIFR Order, the accumulated losses of the Company have reduced to Rs.58.01 Crores.

Your Directors hope that, as submitted in the Scheme, barring unforeseen circumstances, these losses would also be wiped by the end of current financial year.

PLANT OPERATIONS

Pursuant to the Scheme, business operations of Modipuram and Partapur Plants stand transferred to a wholly owned subsidiary Company, namely Modi Tyres Company Pvt. Ltd. (MTCPL) on a going concern basis. Modinagar Plant will continue to be owned and operated by MRL.

As mentioned above, all out efforts are being made to repair and upgrade these plants with latest technology under the supervision and guidance of foreign experts, including implementation of SAP on machines for consistency and effective control in production process.

Operations at Modinagar plant, however, continue to remain suspended.

TECHNOLOGY AND BRAND AGREEMENTS WITH CONTINENTAL, GERMANY

MTCPL has been successful in entering into the Technical Collaboration Agreement and Trade Mark License Agreement with Continental AG of Germany, which are subject to the approval of Government of India. MTCPL proposes to commence operations soon on receiving the Government approval for the same.

BOARD OF DIRECTORS

Shri S Lahiri, Shri SK Chanana and Dr.BK Modi have resigned as Directors and Shri Arvind Nath Seth, Shri Alok Modi and Shri Sanjiwan Sahni were appointed as Additional Directors w.e.f. 14.06.2008. Company has received notices under section 257 of the Companies Act, 1956, for their appointment as Directors. The above proposal has been included in the Notice of the Annual General Meeting for your approval. Nominees of Financial Institutions / BIFR and Vice-Chairman & Managing Director are non retiring directors in terms of the Articles of Association and the terms of their appointment.

Board expresses its gratitude to the outgoing Directors and welcomes the new Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of your Company declare as under:-

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; as referred in Sub Section (3 C) of Section 211 of the Companies Act, 1956.
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that year;
- (iii) that the Company has taken all possible care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities. The same has been certified by the auditors in their annexure to audit report stating therein that no serious discrepancies between the book records and physical quantity have been noticed;
- (iv) as the efforts are underway for rehabilitation/restructuring of the Company, the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s.PDM & Co. (Formerly M/s. Prabhat Jain & Co.) Chartered Accountants, New Delhi, shall be retiring as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors' observations in their Report have been elaborately dealt with in the Auditors' Report / Notes on Accounts in Schedule 5. The same are self explanatory and do not need any more information/ explanation.

Cost Accounting Record Rules and Cost Audit Report Rules are not applicable due to closure of the plants.



SUBSIDIARY COMPANIES

Statement under Section 212 of the Companies Act, 1956 together with Annual Reports of Company's three Wholly Owned Subsidiaries, namely Spin Investment (India) Limited, Superior Investment (India) Limited and Modi Tyres Company Private Limited, are attached. Since Modistone Ltd. is under winding up by the Official Liquidator appointed on 25.07.2002, its annual accounts and other information are not available.

STATUTORY DISCLOSURES

During the year under review, there was no employee for the purpose of Section 217(2A) of the Act. Since there was no production, there is no information required to be given for energy conservation, technology absorption, fuel consumption etc. u/s 217 (1) (e) of the Act. Information about foreign exchange earnings and outgo is nil during the year under review.

CORPORATE GOVERNANCE

As per applicable provisions of Clause 49 of the listing agreement with Stock Exchanges, a Management Discussion & Analysis Report and a Report on Corporate Governance together with Auditors' Certificate form part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

Requisite Consolidated Financial Statements of the Company and its Subsidiaries are enclosed and form part of this Report.

ACKNOWLEDGEMENT

Your Directors express their appreciation for assistance and co-operation from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors also appreciate services of executives, staff and workers of the Company. Your Directors are specially obliged to the Hon'ble BIFR for sanctioning the Rehabilitation Scheme and putting the Company on the path of recovery.

For and on behalf of the Board

Place : New Delhi
Date : August 29, 2008

S S Kohli
Chairman

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CORPORATE GOVERNANCE

A Report for the Financial Year ended 31.03.2008 on the implementation of Code of Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement (as amended) is set out below.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to enhance the long term economic value of the Company, its stakeholders and

the society at large by adopting appropriate corporate practices in fair and transparent manner by aligning interest of the Company with that of its shareholders and other stakeholders. Your Company endeavours to follow procedures and practices in conformity with the Code of Corporate Governance outlined in the Listing Agreement.

1. CODE OF CONDUCT

The Board Members and Senior Managerial Personnel affirm compliance with the Code of Conduct as applicable to them for the year under review.

2. BOARD OF DIRECTORS

The present composition of the Board of Directors of the Company is given below:-

Name of Directors	Status i.e. Promoters, Executive, Non Executive, Independent, Nominee of Financial Institutions (FIs)	No. of Board Meeting of the Company		Number of Membership in other Boards or other Committees as a Member or chairperson		Whether attended the last AGM
		Held during the year	Attended during the year	Board	Committee	
Shri Surinder Singh Kohli	Nominee of FIs	05	05	05	NA	Yes
Shri Vinay Kumar Modi @	Promoter / Executive	05	05	03	03	Yes
Shri Sushil Chand Tripathi	Nominee of BIFR	05	02	06	NA	No
Shri Pawan Chopra	Nominee of BIFR	05	05	02	NA	Yes
Shri Shyam Bahadur Kunwar	Nominee of FIs	05	05	01	NA	Yes
Dr.Bhupendra Kumar Modi * @	Non Executive	05	Nil	07	NA	No
Shri Sanjeev Kumar Chanana **	Nominee of FIs	05	03	04	02	Yes
Shri Subrata Lahiri ***	Nominee of FIs	05	01	-	-	No
Shri Alok Modi + @	Promoter / Non Executive	05	NA	02	NA	NA
Shri Arvind Nath Seth + @	Promoter / Non Executive	05	NA	-	NA	NA
Shri Sanjiwan Sahni +	Independent / Non Executive	05	NA	-	NA	NA

* Resigned w.e.f. 19.07.2008, ** Resigned w.e.f. 14.06.2008, *** Resigned w.e.f. 24.03.2008 + Appointed w.e.f. 14.06.2008 @ Shri Vinay Kumar Modi and Dr.Bhupendra Kumar Modi are brothers. @ Shri Vinay Kumar Modi is father of Shri Alok Modi @ Shri Vinay Kumar Modi is brother in law of Shri Arvind Nath Seth.

During the year, there was no pecuniary relationship or business transaction by the Company with any Non Executive Director other than sitting fee for attending the Board / Committee meeting as well as the traveling / conveyance expenses incurred for attending Company's business / meetings.

During the year, five meetings of the Board of Directors were held on 12.05.2007, 01.10.2007, 03.11.2007, 30.01.2008 and 31.03.2008.

3. AUDIT COMMITTEE

The constituted Audit Committee has the terms and roles as specified in Clause 49 of the Listing Agreement / Section 292A of the Companies Act, 1956. During the year, the Audit Committee consists of Shri SS Kohli as Chairman, Shri VK Modi, Shri SB Kunwar, Shri S Lahiri (upto 24.03.2008), Shri SK Chanana (upto 14.6.2008) and Dr.BK Modi. (upto 19.07.2008) as its Members. Shri Sanjiwan Sahni was appointed as member of the Committee w.e.f. 19.07.2008.

The Members of the Committee have the required financial background and related management expertise. Company Secretary acts as the Secretary of the Committee.

During the year 2007-08, four meetings of the Committee were held on 12.05.2007, 01.10.2007, 03.11.2007 and 30.01.2008. The same were attended by the Members as follows:-

Name of the Members	No. of meeting attended
Shri Surinder Singh Kohli, Chairman	4
Shri Vinay Kumar Modi	4
Shri Shyam Bahadur Kunwar	4
Dr.Bhupendra Kumar Modi	Nil
Shri Sanjeev Kumar Chanana	2
Shri Subarat Lahiri	1
Shri Sanjiwan Sahni (w.e.f. 19.07.2008)	NA

4. REMUNERATION

There has been no occasion for consideration of payment of remuneration to any Director during the year. As and when necessary, Board will constitute a Remuneration Committee. There is no stock option scheme of the Company for any Director (wholtime / non wholtime). No remuneration is paid to Managing / wholtime director, except the sitting fee paid to independent non executive directors for attending Board / Committee meetings during the year.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a Share Transfer Committee (STC), which also caters to the responsibilities to and obligations of the Shareholders / Investors Transfer / Grievance Committee, and holds its meetings as and when necessary. M/s. Mas Services Ltd., New Delhi, is Company's Share Transfer Agents for both i.e. demat and physical. The Company has delegated the authority for transfer of shares upto 250 to the Company Secretary and from 251 to 500 to the Managing Director. Transfer above 500 is to be placed and approved by the Committee. Shri SK Bajpai, Head - Legal & Company Secretary of the Company is acting as Secretary of all Committees as well as Compliance Officer of the Company.

6. DIRECTORS

Shri S Lahiri, Shri SK Chanana and Dr.BK Modi resigned from the Board of Directors w.e.f. 24.03.2008, 14.06.2008 and 19.07.2008 respectively and Shri Alok Modi, Shri Arvind Nath Seth, Shri Sanjiwan Sahni were appointed as Additional Directors w.e.f. 14.06.2008. Profile of appointed directors are given in the notice convening 36th Annual General Meeting of the Company.



7. GENERAL BODY MEETINGS

Location and time where the last three Annual General Meetings held are as under:-

Year	Venue	Date	Time
2006-2007	Dayawati Modi Public School, Modinagar	03.11.2007	11.30 A.M
2005-2006	Dayawati Modi Public School, Modinagar	29.12.2006	11.30 A.M
2004-2005	Dayawati Modi Public School, Modinagar	28.09.2005	11.30 A.M

None of the resolutions was put through postal ballot at the aforesaid meetings.

8. DISCLOSURES

- I Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, directors or management, their subsidiaries or relatives etc that may have potential conflict with the interests of the company at large.**

Related Parties Disclosures in accordance with Accounting Standard (AS – 18) of The Institute of Chartered Accountants of India.

i) Subsidiaries :

- Modistone Limited (in liquidation) - Official Liquidator has taken charge of the Company w.e.f. 25.7.2002, i.e. the date of appointment of Official Liquidator by Bombay High Court. The company had provided Corporate Guarantee of Rs. 354 lacs to a Bank.
 - Superior Investment (India) Limited
 - Spin Investment (India) Limited
 - Modi Tyres Company Private Limited
- The following transactions were carried out with related parties in the ordinary course of business during the year :

Subsidiaries	(Rs.in lacs)
a. Expenses incurred by Spin Investment (India) Ltd. on behalf of MRL	548.27
b. Reimbursement to Superior Investment (India) Ltd. by MRL	0.35
c. Advance taken from Superior Investment (India) Limited for incurring expenses:	Nil
d. Expenses incurred by MRL on behalf of Modi Tyres Company Private Ltd.	3038.65
e. Transfer of Assets/Liabilities (Net)	1527.52
f. Payables at the year end as on 31.03.2008 to Spin Investment	1752.42
g. Payables at the year end as on 31.03.2008 to Superior Investment	247.85
h. Payables at the year end as on 31.03.2008 to Modi Tyres Company Private Ltd.	117.95
i. Sitting fee paid to Non Executive Directors	1.60

ii) Key Management Personnel :

Mr. Vinay Kumar Modi, Managing Director Nil

- II Details of non-compliance by the company, penalties, strictures imposed on the Company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.**

There have been certain non-compliances in the past when

the Company was passing through difficult phase of its sickness etc. and the same were notified in the Reports on Corporate Governance of earlier years. BIFR, vide its order dated 21st April, 2008 sanctioning the Rehabilitation Scheme for the Company, has directed the National and Mumbai Stock Exchanges to condone / consider to condone all past non-compliances or contraventions of the Listing Agreements and re-instate the trading in shares of the company. As of now, Company is making all and full compliances and has made representations to the Mumbai and National Stock Exchanges to respect the order of the Hon'ble BIFR and revoke suspension of trading in its shares.

9. MEANS OF COMMUNICATION

Quarterly / Annual Financial Results of the Company are normally published in The Pioneer (national daily) and Vir Arjun (regional language) newspapers. The requisite information as required under the Listing Agreement is sent to the Stock Exchanges through fax / speed post / e-mail / courier etc. Company is yet to have its own web-site.

No representation was made to the Analysts. A Management Discussion and Analysis Report, which forms part of the Annual Report, is given by separate annexure and is attached to the Directors' Report.

10. GENERAL INFORMATION

- Date, time and venue of the Annual General Meeting

Date	30.9.2008
Time	10.00 AM
Venue	Auditorium, Dayawati Modi Public School Modinagar-201 204
- Date(s) of Books Closure

Date(s)	23.09.2008 to 30.09.2008
Closure	(both days inclusive)
- Financial Calendar

Period	01.04.2007 to 31.03.2008
Duration	(12 months)
- Dividend payment

Payment	Nil
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- Listing at Stock Exchange(s)

Exchange(s)	National Stock Exchange Bombay Stock Exchange
Listing fee for the year 2008-09	duly paid.
- Stock Code

Code	National Stock Exchange MODIRUBBER
	Bombay Stock Exchange MODIRUBB
- Stock Market Data

Since the trading in securities of the Company remained suspended in the Stock Exchange(s) since November, 2002, information relating to the share price is not available.
- Registrar and Transfer Agents

Registrar	Mas Services Ltd.
Transfer Agents	AB-4 Safdarjung Enclave New Delhi 110 029.
Phone	011- 26104142,
Fax No.	011 – 26181081
E-mail:	masserv@glasdl01.vsnl.net.in

i) Share Transfer System

M/s. Mas Services Ltd. are the Share Transfer Agents of the Company for handling both physical and demat share registry work. Shares received for transfer completed in all aspects in physical form are registered and dispatched normally within three weeks. Demat confirmations are normally sent within two weeks and thirty days in case of bulk request.

j) **Distribution of Shareholding**

The following is the distribution pattern of shareholding of equity shares of the Company as on 31.03.2008:-

No. of shares	No. of Share-holders	% of Share-holders	No. of Shares holding	% of Share-holding
1 – 5000	13781	95.17	1390003	5.55
5001 – 10000	485	3.35	346358	1.38
10001 – 20000	142	0.98	197156	0.79
20001 – 30000	27	0.19	67585	0.27
30001 – 40000	7	0.05	24443	0.10
40001 – 50000	6	0.04	27695	0.11
50001 – 100000	14	0.10	89801	0.36
100001 and above	18	0.12	22897491	91.44
TOTAL	14480	100.00	25040532	100.00

k) **Shareholding pattern as on 31.03.2008**

Category Shares held	No. of Shares held	% of Share-holding
Promoters	16138852	64.45
Banks, Insurance Companies	3379	0.01
Mutual Funds	700	0.00
Foreign Investing Institutions	228481	0.91
Bodies Corporate	3862692	15.43
NRI/OCBs	2411262	9.63
Indian Public	2395166	9.57
Total	25040532	100.00

l) **Dematerialisation of Shares and Liquidity**

Over 17.71% of the outstanding shares have been dematerialised upto 31.03.2008.

m) **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.**
The Company has not issued any GDRs / ADRs / Warrants/ or any convertible instruments.

n) **Plant Location** Modinagar,
District Ghaziabad. (U.P)

o) **Address for** Mas Services Ltd.,
Correspondence for AB-4 Safdarjung Enclave
transfer/dematerialisation of shares, New Delhi – 110 029.
and any other query Phone : 011 – 26104142
Fax No. 011 – 26181081
E-mail : masserv@glasdl01.vsnl.net.in
Any query on Annual Report Secretarial Department,
Modi Rubber Ltd.,
4-7C, DDA Shopping Centre
New Friends Colony ,
New Delhi – 110 025
Phone 011 – 26848416,
26848417
Fax No.011 – 26837530

Non Mandatory requirements

Company has not adopted the non-mandatory requirements as mentioned in Annexure – I-D of clause 49 of the Listing Agreement.

CEO / CFO CERTIFICATION

In terms of the requirement of Clause 49, Certificate from CEO/ CFO has been obtained.

For and on behalf of the Board

Place : New Delhi
Date : August 29, 2008

S.S. Kohli
Chairman

V.K. Modi
Vice Chairman &
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Tyre Industry, beside the Economic Growth of the country, is driven by Growth in Transportation, Automobiles and Road Development. It has been growing at around 10% as a whole and 8% in Commercial Vehicle Tyre segment. The Automobile sector is booming in all segments. Road development triggered by the success of projects like Golden quadrilateral and North South road corridor of National Highway with emphasis on connecting roads to Ports and major economic zones provides impetus to vehicle movement giving boost to consumption of Tyres.

Apollo, MRF, JK, Ceat and Birla are the main players in the Truck, Bus tyre market. Bridgestone has gained considerably in the Passenger Radial market. The radialisation in Car Tyre is 97% while in the Truck/Bus tyre market it is 4-5% at present. Chinese Bias and radial tyres are also coming to Indian market.

MRL plans to outsource the stocking and distribution which will not only bring economy as it will be variable cost rather than fixed, but shall also improve delivery service to the market. Since the Tyre Production shall be under a subsidiary, it will be a clean company without carrying any Liability and will boost the prospects of Financing and Global partnering. Already the Company held negotiations with Continental, Germany and finalized the Technology Agreement and Brand use Agreement. It has been signed and shall be filed with the Government for Approval.

The strength of MRL has been its range of Truck/Bus tyres. This is also the profitable segment of the Tyre Market. The weakness shall be low volumes compared to most other companies and absence of Radial tyres. However the opportunity is in terms of reducing cost and start best business practices from the beginning, which will make the company competitive. The threat is from the large global players entering Indian market and the cheap Chinese imports.

The outlook is very bright as the demand is growing in India and there is enough market overseas. The company is planning to install the SAP to improve business efficiency and competitiveness. It will enable desired internal controls while improving the speed of information for fast decision making at all levels. Already, the system has been designed through Accenture, a leading global Company, and the implementation will be carried in the next 2-3 months. Best of the talent is being recruited to build human resources team to ensure that the company is run on professional lines.

Company has entered into agreement with majority of workmen individually. The agreement has defined the one time compensation against all past Liability till the date of fresh employment linked to the capacity utilization and Gratuity as per Gratuity Act and also production norms. The agreement will pave the way for good Industrial relations and productivity.



**AUDITORS' CERTIFICATE
AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of
Modi Rubber Ltd.

We have examined the compliance of conditions of corporate governance by Modi Rubber Ltd. for the accounting year ended 31.03.2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending other than those which are under litigation, disputes or court orders, for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **PDM & Co.**
(formerly: Prabhat Jain & Co.)

Prabhat Jain
Partner
Chartered Accountants

Place: New Delhi
Date: 29.08.2008

